

EXECUTIVE SUMMARY

INDUSTRIAL LAND IN A POST-INDUSTRIAL CITY

District of Columbia Industrial Land Use Study:

A Detailed Investigation of Industrial Land in the District of Columbia and role of Production, Distribution and Repair Industries in the District Economy

Prepared for:

District of Columbia Office of Planning



GOVERNMENT OF THE DISTRICT OF COLUMBIA
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INTRODUCTION AND OBJECTIVES

The economy and real estate market in the District of Columbia are undergoing rapid change. Starting in 1997 the office, residential, and more recently the retail development markets have been booming. This boom started by filling in the gaps in the downtown block pattern, and has since expanded outward to include new developments in the Anacostia Waterfront Initiative, the recently-opened New York Avenue MetroRail Station, and extensions of the downtown into the NOMA area. New residential and retail projects are springing up throughout DC, even in areas heretofore considered off the map for new development.

In the midst of this boom, DC's industrially-zoned areas—hugging rail corridors, tucked away in remote locations, and sprawling next to major automotive service corridors—had been largely forgotten. However, as many of the more easily developed and favorably located sites disappeared, commercial and residential developers have begun to turn their interest to industrial land, particular those sites which occupy strategic locations and offer relatively straightforward property assemblages. Requests for the rezoning of industrial land to some other category, typically one permitting residential development, have been increasingly common.

At the same time, several factors have conspired to increase the space needs of government and public entities. Some of this demand is growth related. Some relates to the need to relocate several key public functions related to DC operations, water and sewer service, and bus maintenance and storage away from the site of the new Washington Nationals stadium. Many of these needs are quasi-industrial in nature, and will be hard to site: bus garages, helipads, and vehicle storage and maintenance yards, have unique site selection criteria for functionality and at the same time are uses that are less-than-welcome in established or emerging neighborhoods elsewhere in DC. Since DC government is bound by its own zoning, the need for industrially-zoned land for government functions goes beyond concerns over NIMBYism.

Much of the land in question is already occupied by a diverse array of industrial and quasi-industrial users, grouped in this report under the descriptive title of Production, Distribution and Repair businesses (PDR). PDR businesses in DC are paying higher rents for less suitable space than many of their suburban counterparts, evidencing a need, and willingness to pay premiums, to be located in DC. Yet the role these industries play in DC economy is poorly-understood. The relatively lower real estate value generated by such users has made it easy to dismiss their relevance to a national and global capital primarily concerned with the business of government and policy-making.

Clearly, there are increasing demands to make policy decisions regarding DC's inventory of industrially-zoned lands, decisions which are currently being made on a site-by-site basis

without the benefit of a comprehensive strategy or the basic information needed for understanding the opportunity costs of rezoning industrial land and make knowledgeable policy choices. This report attempts to clarify the situation by addressing two purposes: (1) to provide the factual and analytical base for future land use decisions impacting industrial land and PDR land uses; and (2) to provide a set of recommendations for strategically managing DC's scarce supply of land suitable for accommodating PDR users and certain municipal, utility, and governmental functions.

STUDY METHODOLOGY

The findings and recommendations contained in this report are founded on a detailed and comprehensive methodology examining DC's industrial lands from a land use, economic, and market perspective. In the effort to analyze DC's existing industrial land base, the Office of Planning delineated "study areas", which correspond roughly to areas surrounding CM or M zoning or containing a concentration of industrial businesses and/or industrial land. OP further divided these areas into analytical sub-areas. The accompanying **Study Areas Map** indicates each area and its OP-given name.

The sub-areas provide the geographic organization for the land use analysis and for the specific recommendations. However, the objectives of this study required a methodology that went far beyond a typical land use study, incorporated the following tasks and investigations into a logical framework for analysis and decision-making.

- Field surveys and mapping of land use patterns and physical characteristics of each industrial area.
- An Opportunities and Constraints Analysis of each sub-area based on the field surveys and mapping.
- Scoring Matrix based on the above.
- Survey of existing industrial tenants.
- An analysis of the market of industrial buildings and sites in DC and the metro region.
- An economic analysis of the role that PDR business plays in DC economy.
- A round of meetings and interactions with a Technical Advisory Committee comprised of representatives of DC agencies, the Federal Government, and public authorities.
- A review of case studies and best practices.
- Development of criteria to assist in evaluating requests for zone changes way from industrial designation.

The work described above, while focused on the issue of industrial land, has not occurred in a vacuum, but has been undertaken concurrently with work on the economic development element of DC's new Comprehensive Plan. The background studies for the Comprehensive

Plan, summarized as an economic development White Paper, were conducted in tandem with this industry study, and data and findings from each report have helped inform the other. This high level of coordination insures that the Comprehensive Plan and the Industrial Areas Study will be fully consistent with each other.

SUMMARY OF MAJOR FINDINGS

Importance of Industrial Land

It is important to accommodate industrial land for at least two reasons. First, there is a need for appropriate space for municipal functions. PPSA estimated, based on the needs identified through the TAC process, that DC's immediate public sector space needs equaled almost 70 acres of land. This land will be needed to house those quasi-industrial functions such as waste hauling and transfer, street cleaning and plowing, road construction and repair, water and sewer construction and repair, and police, fire, and parking enforcement services that are essential to the business of city government.

Second, PDR jobs are critical to a healthy DC economy and must be retained. As compared with other employment areas for those without college degrees, PDR uses provide higher quality jobs, with better wages and career paths, to workers without an advanced education. PPSA conservatively estimated that the private PDR sectors will need approximately 31 acres of developable land to accommodate the amount of projected future economic growth.

Thus, in total, this study estimates that in the immediate term alone DC will require 100 acres of industrial-type land in which to house its municipal functions and PDR jobs.

Limited Supply of Industrial Land

Unfortunately, the study also found that there is a limited supply of this type of land, and that much of the District's industrial land is either undevelopable, has been rezoned, or is under significant development pressures.

Including land that is zoned for non-PDR uses, the areas examined by this study total only 2,390 acres, which represents just over five percent of DC's total 43,850 acres of land area (including Federal land inside DC). But the actual amount of land on which industrial development is permitted as of right is even smaller: the existing zoning within these areas serves to reduce by 386 acres the actual supply of as-of-right industrial land. Within the 2,390 acres of our study area, the industrial zones of C-M, M, and W Zones comprise a total of 2,026 acres, and make up only about five percent of total DC land.

The predominance of railroad tracks within the largest industrial areas limits the amount of *buildable* land even further. Roads, streets, alleys, other right-of-ways reduce lot sizes and

building footprints elsewhere. New York Avenue/Bladensburg, for example, is the second largest sub-area, totaling 328 acres, but 22 percent of it, about 77 acres, is road or railroad/transportation right-of-way.

Moreover, most of this limited amount of industrial land is already occupied, and therefore existing PDR businesses have limited room to expand in place and DC has diminished potential of attracting of new PDR businesses. By our calculations, only about 27 acres, or 1.2 percent, of the land in industrial areas is vacant.

Additionally, most of these sub-areas are greatly subdivided—only five sub-areas have average parcel sizes of more than one acre. Fifteen sub-areas have average parcel sizes of less than an acre, and eight of those sub-areas have average parcel sizes of less than 20,000 square feet, or, less than one-half of an acre.

Finally, a total of 447 acres of PDR land are under direct pressure or have already been lost—94 acres of PDR land is under pressure from housing and related neighborhood development, 111 acres area to be enveloped by large-scale initiatives such as the Anacostia Waterfront Initiative (AWI), and the Buzzard Point / Capitol Gateway Overlay District initiative resulted in the rezoning of 242 acres of PDR land.

Therefore, the District's supply of remaining industrial land is very limited and continues to shrink. While it is impossible to calculate the non-reducible core that must be preserved in perpetuity, it is clear that the District should exercise all caution in future land use decisions, for the evidence from this study suggests that the city may be approaching that lower bound.

Industrial Land Use Policies

Given the *need* for industrial land to accommodate existing PDR businesses and future growth, as well as public needs; and the *desirability* of capturing a greater share of PDR employment (both public and private) within the District; it is clear that a public policy response is required.

Developable land of any type is scarce in Washington, DC, and industrial land even more so. As DC's inventory of favorably located development sites is exhausted, the development community will inevitably hunt for opportunities in areas heretofore considered unsuitable for residential, commercial, or mixed-use development. Further, industrial uses generate lower land rents than residential, office or retail uses, and therefore will always lose out to such uses when policy does not restrain the marketplace.

The rationale for providing restraints on the ability to rezone land from industrial is related to the notion of scarcity. Considered in isolation, each individual development site could be subject to its own highest and best use analysis. Taken together, however, they represent a portfolio of assets that District government could and should manage in a strategic manner specifically

because these assets are scarce. Unlike many suburban jurisdictions with ample space for accommodating future growth, each development decision made in DC carries with it an opportunity cost: the foreclosure of other development options. The portfolio perspective means that the District should view its inventory of developable sites as serving potentially different functions: addressing immediate needs and opportunities, hedges against future uncertainty, or resources held in reserve for anticipated future needs.

DC's current zoning policies do not adequately protect and foster the PDR sector or provide adequate space for local municipal functions (DC is subject to its own zoning). DC has two primary industrial zoning districts: C-M (Commercial-Light Manufacturing) and M (manufacturing). Both districts permit a wide variety of commercial uses (basically everything permitted in the C-1, C-2, C-3 and C-4 zones, which includes a wide variety of retail and service uses, including gasoline service stations) as well as industrial and production uses. Further, the bulk standards in these districts permit taller and more massive buildings than those generally preferred by PDR users, where low-scale and high coverage development is the norm. Industrial land today must therefore compete against retail and office uses. Only residential uses are prohibited.

The appropriate public policy response could and should take two tracks. The first is the use of zoning to provide appropriate standards and protections for PDR businesses where such continued use is appropriate. The second consists of policy response—industrial Business Improvement Districts, contracting assistance, in-place industrial parks—intended to promote business development and growth in PDR sectors.

Land Use Findings

Out of the land use surveys, scoring exercise, and compilation of opportunities and constraints for each area, certain patterns began to emerge. For example, it was clear that some sub-areas faced imminent and growing redevelopment pressures from other land uses. Some areas contained a concentration of healthy PDR businesses, and some areas were relatively underutilized. Finally, there can be friction where industrial uses abut incompatible land uses such as new residential development. Map 3.1 in the full report illustrates these areas in distinct colors.

Areas of pressure

The District's office development boom and housing market explosion has rapidly utilized many of the most desirable and easily accessible downtown development sites, and now real estate development forces are pressing heavily against industrial districts.

Nowhere is this more evident than in those areas near Metro stops and with relatively easily-developed lots. North of Union Station towards Florida Avenue, including the market area and the New York Avenue Metro stop, and at each successive Red Line Metro stop—Rhode Island Avenue, CUA/Brookland, Fort Totten, and Takoma—real estate pressures are growing.

Rezoning requests trend towards these areas, and some larger initiatives including possible Planned Unit Developments in the NY/Florida Avenue Market area and along Eckington Place, as well as spin-off from large initiatives such as NoMa and the H Street Corridor redevelopment are all increasing real estate values to the point where current PDR business area threatened. Map 3.2 illustrates known rezoning requests and major large initiatives. Areas of pressure are shown in light brown on Map 3.1.

It makes sense that some of these areas be considered for land use change. In fact it is difficult to argue against well-planned transit oriented development in a relatively built-out city such as DC, where household and job gains are projected to continue relatively unabated over the coming years. However, several areas under development pressure, such as the NY/Florida Avenue Market area, are more appropriate for an evolution or intensification of the existing land use, rather than a land use change.

Areas of Healthy PDR Fabric

The sub-area existing conditions maps (found in the Appendix) reveal that some industrial zones contain a concentration of PDR businesses or municipal facilities. The businesses in these areas contribute to the DC economy directly by providing products and services, but also by supporting the core economic sectors and providing much needed well-paying jobs. The municipal facilities located in these areas provide necessary services for DC's growing residents and businesses (Map 2.2 locates concentrations of municipal facilities).

We describe these as areas of "healthy PDR fabric." All of these areas also exhibit good opportunities for continued or intensified PDR use and scored well in our industrial area scoring exercise (see the Opportunities and Constraints analysis matrix and the scoring matrix in the Appendix).

Areas of healthy PDR fabric are shown in blue on Map 3.1. These areas include much of CSX1 - Lamond Riggs south of the Metro, significant portions of Fort Totten and Brookland, and large swaths of New York/Ivy City and New York/Bladensburg. Some of these areas deserve land use protection, and some should be considered for municipal services. None of these, save perhaps a narrow strip of land directly bordering New York Avenue, deserve consideration as land use change areas.

Areas of Underutilization

Some of DC's industrial areas are underbuilt, have significant vacancies, or are otherwise underutilized—the existing conditions maps plainly reveal areas with few businesses and swaths of land used only for parking, junkyards, or railroad tracks. These areas are shown in olive green in Map 3.1.

Vast areas of the CSX railroad yards are underutilized, as are large parcels including Fort Lincoln and portions of Bladensburg and Ivy City. Benning Road, 11th Street, SE, Water Street,

SE, DC Village, Anacostia Poplar Point, and Scattered Site 1 are underutilized and present excellent opportunities to intensify current uses and strategically locate government facilities. Some may also be areas where DC could consider undertaking redevelopment activities as part of a coordinated plan. Ivy City near the Hecht Building may be one such location where DC intervention could help jumpstart the upgrading and intensification of the area.

Areas of friction

Lastly, it is apparent in some areas that PDR businesses and incompatible land uses are located in very close proximity to each other. Nuisance complaints about noise, pollution, and visual blight relating to PDR businesses are likely most prevalent in these areas, and it is logical to assume that expansion or retention of PDR uses in these zones may be difficult. These areas of friction are shown in red on Map 3.1.

These places more or less correspond to areas where PDR businesses and residential communities flow almost seamlessly with little or no buffer. Notably, areas of healthy PDR fabric in Lamond Riggs, Fort Totten, and Brookland all experience friction with the residential communities on their eastern edges. In many cases there is not even a street, much less an alley or fence line, dividing these two land uses. Most other areas of friction occur where the industrial land is underutilized. The protection and/or intensification of current PDR uses in these areas (e.g. Lamond Riggs) would require buffer considerations; on the other hand, land use changes may be more appropriate in some areas (e.g. CSX2-Kennilworth).

SUMMARY OF MAJOR RECOMMENDATIONS

The recommendations herein consider the need for and importance of appropriate industrial land in DC, the supply and demand for industrial land and buildings, and the overall findings resulting from the land use surveys and sub-area analyses described above. They are intended for two purposes: (1) guide zoning policy as it relates to industrially-zoned land; and (2) guide the formulation of strategies to maintain and enhance our base of PDR employment. Item one speaks directly to land use; item two has both land use and policy components.

Simply put, this study revealed that DC's existing zoning framework regarding industrially zoned land requires amendment and modernization. This study posits a new zoning framework for industrial land, which is then referenced in subsequent sections. This framework is in direct response to deficiencies identified in the existing zoning categories and regulations, and is designed to address the issues outlined in the previous sections of this report. The recommendations for different industrial sub-districts cannot be adequately implemented within the existing zoning framework. The new framework keeps the existing zone districts, with

modifications, but further recommends two new zoning districts to be added to the zoning ordinance and map.¹

New Zoning Framework

A new zoning framework is proposed to overcome the limitations of the current C-M and M districts, including the following:

- They do not prohibit retail or office uses from overtaking industrial areas and displacing PDR tenants.
- The bulk standards bear do not reflect the low-scale, high-coverage built environments generally found within these districts.
- The regulations are somewhat vague as to what precisely is permitted in the M district.
- The performance standards for industrial areas require modernization.

The proposed new zoning framework for the DC's industrial areas is as follows:

C-M Districts

Only minor modifications are proposed to the C-M district regulations. The general intent of the district—to permit a variety of retail, office, and industrial/PDR uses—remains unchanged.

However, the following revisions are proposed:

- Prohibit high-impact industries such as intermediate materials recycling and solid waste handling facilities, to minimize the possibility of land use conflicts.
- Prohibit certain community uses that detract from the commercial or PDR nature of the area and which present immediate conflicts with their PDR neighbors, specifically, charter schools and emergency shelters.
- Make retail uses above a certain size (for instance, 30,000 square feet) permitted only by special exception, to provide more control over their siting and location.

Bulk standards in the C-M-1, C-M-2, and C-M-3 district can be left unchanged subject to further review. Continued C-M zoning is contemplated for areas where a mix of industry, office and retail development is appropriate, such as the New York Avenue corridor in the vicinity of the Hecht Building.

¹ A Municipal Use zone, per se, is not recommended, as it would likely be viewed as a taking of private property. However, a municipal use or public use designation on a land use map is recommended, as a statement of policy.

M District

The M district should be retooled to serve as an industry-only district. Heavy and intense industrial uses such as cement and asphalt batching would be specifically permitted, subject to strict performance and location standards (not within certain distances of residential districts, for example). Other categories of commercial use, including office and hotel, would be prohibited. The M district would find limited application in the few areas where such intense use is already found. An example is the area south of Fort Totten Metro, where cement and asphalt batching, as well as a municipal waste transfer station, are found.

IP Industrial Park District

The IP district would be a new zone specifically geared towards healthy industrial areas that would benefit from more coordinated planning. It would differ from suburban industrial park zoning in that bulk and coverage regulations would be tailored for older industrial areas characterized by low height and high site coverage. It differs from the Chicago PMD model in that it does not overlay existing zoning, but instead creates a new designation with its own use and bulk restrictions. Like the M district, this new IP district would encourage industrial over other commercial uses. However, certain types of office and retail would be permitted, including:

- Retail accessory to a PDR use (such as a wholesaler with a small retail operation, or a manufacturer selling goods on site).
- Offices accessory to a PDR use.
- Eating places, which would help serve the worker population's needs.

Areas where IP zoning would be appropriate could include Chillum Place and the Florida Avenue Wholesale Market. The latter requires special consideration, and may in fact merit its own special-purpose overlay district.

MXD Mixed-use District

The MXD permits residential, commercial and light PDR uses, for a truly mixed use approach. This district is intended for the following types of areas:

- Funky areas where live/work arrangements combining residential with craft trades or the visual and performing arts is appropriate.
- Areas that are surrounded by and/or will likely trend to residential uses, but where there do exist PDR businesses that should not be rendered non-conforming by a change of zoning.
- Areas where the direction is unclear and therefore better left to the marketplace.

The types of PDR uses contemplated for these new zones would be things such as self-storage, printing, craft occupations such as furniture making and cabinetry, and light fabrication. More than any other district, appropriate performance standards would be essential. And, mixed-use

zoning requires vigilant enforcement of regulations to ensure the various uses remain “good neighbors” to each other. Areas where MXD zoning would be appropriate would include Scattered Site 2, a healthy industrial enclave entirely surrounded by residential; and portions of the Fort Totten area, where a mix of industry and residential is already the norm.

This new zoning framework provides a flexible approach to manage change in DC’s industrial areas. The zoning generally avoids large-scale changes to minimize property owner concerns. It envisions that these districts would only be mapped in areas where the proscribed land uses predominate. The proposed MXD district actually provides greater property owner flexibility in contemplating use options. Finally, the proposed zoning provides greater protection for existing and future PDR users, which should help promote a more stable climate, and less speculation, in key industrial areas.

Land Use Recommendations

Based on this new zoning framework and our recommendations logic, DC’s industrial areas were divided into four categories based on the appropriate policy response:

- **Areas for Retention and Reinforcement:** Intended for areas that exhibit healthy PDR fabric, provide a significant concentration of support services and PDR jobs, and have good prospects for continuing to host viable PDR businesses into the future. The new IP and MXD zoning districts would be proposed for most of these areas, except for areas of intense uses, which would be zoned M.
- **Areas for Retention and Intensification:** This category is for areas where PDR use exists and continues to be desirable, but where intensification is warranted due to a pattern of underutilization, and where non-PDR uses are an appropriate part of the overall land use mix. These areas are most appropriate for C-M zoning.
- **Areas for Strategic Public Use:** Certain industrial areas have been identified as appropriate areas to accommodate municipal/government/utility space needs. Other uses are not precluded, but these are potential priority areas for public acquisition and reuse. In most cases, zoning can remain the same as the current condition.
- **Areas for Land Use Change:** These are areas where a move away from PDR use is appropriate, due to a lack of viable PDR businesses, and the desirability of these sites for other uses. In most cases, residential development is contemplated. There are two sub-categories within this category: areas where a gradual replacement of PDR use with residential is envisioned (letting the market take its course); and areas where PDR should essentially be zoned away. Many of these areas are proposed for a new zoning district permitting both residential and light PDR uses such as storage and light fabrication.

Areas for Industrial Retention and Reinforcement

The following specific recommendations for the areas targeted for industrial retention are keyed to Map 4.1. They are:

- Map IP zones for areas 1, 4 and, tentatively, 6.
- Map the retooled M zone in area 2.
- Map C-M zones in areas 3, 5 and 7.
- Adopt stringent rezoning criteria for all of these areas.
- Adopt strategies and guidelines for industrial parks and industrial business districts, and consider such a designation for the Chillum Place corridor.
- Work with the Department of Employment Services to institute a “Back Street”-like program for businesses in these areas, and provide support for job training and apprenticeship programs.

Areas for Retention and Intensification

The following specific recommendations for the areas targeted for evolution and intensification are keyed to Map 4.2. They are:

- Work with the Home Again Initiative to ensure that the envisioned residential uses mesh well with surrounding PDR uses—artist live/work housing is one example of a residential use that is appropriate.
- Make access and road improvements in Areas 1 and 2 after completing appropriate transportation and planning studies.
- Consider assembling land for private users in Area 2.
- Institute appropriate regulations to protect industrial/commercial uses in Area 4, but provide buffers between incompatible land uses.
- Initiate building renovation loan program.
- If planned destination retail development at Area 4 is not fruitful, consider development as an office park, and/or consider rezoning parcel directly south of Area 4 for PDR use.
- Consider taking a leadership role with regards to the reuse of the Hecht Building, potentially pursuing a multi-tenant technology and media “incubator.”

Areas for Strategic Public Sector Use

The following specific recommendations for the areas targeted for strategic public sector use are keyed to Map 4.3. They are:

- Retain current industrial zoning, but consider designations such as Municipal Use zones to land bank these areas and guarantee that the areas will be available in the long-term for needed public sector use.²
- Target these Zones for technical innovations.
- Be proactive in acquiring land for public sector uses at Benning Road, 11th Street, SE, Water Street, SE, Scattered Site 1, and Anacostia Poplar Point.
- Improve road and access conditions after completing appropriate transportation and planning studies.
- Address any needed security/perimeter infrastructure that may be required.
- Consider Area 7 for municipal offices or other destination, public sector use.
- Undertake modifications to free up additional property in DC Village for municipal purposes.
- Relocate the Emergency Family Shelter to a more humane location, potentially several scattered sites located in residential and mixed residential/commercial areas.
- Consider those areas indicated in purple as additional areas for public sector use, where industrial zoning may be appropriate to protect and retain the current users.

Areas for Land Use Change

The following specific recommendations for the areas targeted for land use change are keyed to Map 4.4. They are:

- Program Areas 1, 7 and 8 for residential and mixed-use TOD development.
- Encourage upgraded retail uses in area 10, and consider rezoning to a commercial land use classification.
- Encourage the redevelopment of Area 6 for either a more modern and attractive shopping center, or for residential use.
- In addition, all MXD areas should be studied to determine their needs for physical improvements, including land clearance and assemblage to encourage investment as well as road and circulation and access improvements. Overall, environmental issues and historic properties deserve consideration, and new developments in MXD areas should follow appropriate procedures in this regard. Additionally, DC should adopt a coherent and effective brownfield program to identify and remediate contaminated sites and inject them back into the property market.
- Vigilantly enforce zoning use regulations and performance standards to ensure mixed-use remain “good neighbors.”

² Again this is not a new zoning district. A Municipal Use zone, per se, is not recommended, but, a municipal use or public use designation on a land use map is recommended, as a statement of policy.

Government Facilities

The public sector demand for industrial land is great, but large developments and the superheated regional land market are shrinking supply at the same time that increasing service requirements are raising immediate and long-term demand for land. As such a significant user of industrial land in DC, clearly government has the potential and responsibility to better manage its own industrial land resources.

This report thus recommends that DC should:

- Strategically acquire land for municipal uses for current and future needs
- Implement a single-agency asset management structure to budget, operate, lease, acquire, dispose, and plan for all municipal property
- Improve efficiency of land use by co-locating government facilities
- Reduce land use demand through fleet reduction and technological innovations, including distributed generation.